Who is the competition?

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“We have no competition”

- …None, *locally*
- …None, *today*
- …None you know about

- …Because nobody wants what you plan to sell
What you can learn

- Who are your closest competitors
- What their products/services are like
- What people like, dislike about them
- How much it would take to overcome “inertial loyalty”
- What are services/features on which people will not compromise
Competitive analysis

- Worksheets
  - Customer perceptions
  - Dealing with the company
  - Internal operating factors
- Importance of each factor, on a scale of 1-10 (negative numbers OK)
- Competition first, *then* your company
- Analyze *at least two* competitors
Customer perceptions

- Features
- Purchase or subscription price
- Overall judged quality
- Style, design, image factors
- Brand recognition
- Social consciousness
- Perceived value
Dealing with the company

- Location
- Customer relationships
- Delivery time and issues
- Convenience of use
- Credit policies
- Customer service, warranties, returns, problems
Internal operational factors

- Financial resources
- Marketing program and budget
- Operational efficiencies (how nimble can they be?)
- Product line or product only?
- Strategic partnerships
- Company morale (don’t discount economic circumstances)
The Internet

- Yes, it lowers barriers to entry
- But it does so for everyone
- A lesson from the success of Google
- What is needed for a *business* site?
  - Secure ordering
  - Secure payment
  - Platform independence
  - Complete friendliness
Estimating market share

- Multiple estimates of everything
- Trade associations
- Annual reports
- Independent business publications
- Separate units from revenues
- Who are the market leaders?
- How many new entrants per year?
Barriers to entry

- Patents and trademarks
- Proprietary technology
- Substantial expertise required
- Engineering/manufacturing problems

- Restrictive regulation
- Lack of suppliers or distributors
- High start-up costs
Two critical questions

1. How will *you* compete with *them*?

2. How *would you* compete with *you*?